

CALNET II RFP DGS-2053 Question and Answer Set #10
December 30, 2004

1. Introduction

1-1. How does DGS reconcile the following two statements -- both of which are included in the CALNET II RFP?

1. Where feasible, multiple contractors should provide increased diversity and competition that would lead to lower prices, more customer choices and the capability to obtain and rapidly deploy new technologies. (CALNET Vision)
2. Ultimately, the State expects to award a single contract as a result of this RFP to obtain network and communications services statewide. Primary contractors are encouraged to create partnerships with subcontractors. We believe this RFP offers creative solutions to maintain competition and will keep prices low and quality high. (RFP Introduction)

Answer: The first statement above is the State Vision (not the CALNET Vision) provided in Section 4.2. It comes from the State Management Memorandum (MM) 04-08. The next sentence in the RFP after that statement indicated "This may include other contracts for services besides CALNET II." MM 04-08 outlines the State's vision and strategy, and the overall policy for the broad spectrum of the State's responsibility and authority to provide for telecommunications and network services. While a significant amount of MM 04-08 is devoted to CALNET I, it also applies more broadly and must be taken as a whole. The State has the ability, flexibility and the duty to determine what services it needs and how it will acquire them, including the resulting contract's content, structure and award methodology. The State already awards multiple technology contracts, which allows for competition from multiple bidders, and ultimately a variety of awarded contractors. It does not necessarily follow that a specific contract (such as CALNET) is required to have multiple awarded contractors. There are many ways to generate competition and to utilize multiple vendors.

The second statement in the question above is a combination of statements from RFP Sections 1.1 (first sentence) and 1.2.4 (last sentence) that are taken out of context. The State anticipates that the awarded contractor for CALNET II will require support from subcontractors to fulfill the requirements of the RFP but is not telling bidders how to create those partnerships. [Also, see response to statement 1 above.]

1-2. Please provide a detailed explanation of the attached section. How does non-exclusivity and no minimum guarantees drive competition?

1.2.4. The new contract is planned to be non-exclusive with no minimum guarantees to the contractor for revenues or quantities of services ordered, and most services will not be subject to term commitments. It is expected that these conditions will help to place continual market pressure upon the

successful contractor to provide the best services at the lowest cost so as not to lose the business to competitors. It is also expected, however, that the winning contractor will be given the opportunity within the contract terms, to meet customer business needs (lower pricing and/or provide the needed services) before other alternatives are selected.

Answer: “Non-exclusive” means that the awarded contractor will not be guaranteed all of the CALNET business. If other vendors are able to provide the equivalent or better services with similar support (i.e., single point of contact for provisioning and outage restoral, monitoring tools, and trending reports) and quality of service (i.e., SLAs, diversity, and survivability) at a significantly (20% or more) reduced price (see conditions outlined in Delegations and Exemptions in MM 04-08), the State may decide to permit an exemption. Offering the CALNET contractor the opportunity to beat an offered price will either cause the contractor to reduce its contract prices through a contract amendment to avoid losing the business, or the business may go to an outside vendor (provided that procurement rules are followed and exemption conditions are met). In either case, the State is benefited by reduced prices, and therefore leverages its purchasing power through the competition. [See also Q&A Set #2, Response to question #1-38.]

- 1-3. During last week's meeting, vendors were told that they could question again why DGS had decided on a single vendor strategy even though that question had already been asked. Please reconsider this issue.

Answer: A single prime vendor reduces the issue of finger pointing. [See also Bidder's Conference Summary, response to question #4.]

- 1-4. The addendum says Jan.14th is the new date for submission of requests to change RFP requirements, but, per footnote one, "OR five business days following the last addendum that changes the requirements of the RFP. See RFP sections 2.2.6, Questions regarding Solicitation, and Section [2.2.10.c] Initial Protest." I looked at those two sections, and they shed no light on the matter.

To me, the footnote “or five business days after the last addendum...” means the date could be either earlier or later than January 14th, depending on when the "last addendum" is issued or does footnote 1 to the January 14th date mean January 14th or the date of the last addendum, whichever is later?

Answer: Based on the schedule changes in Addendum #2 bidders will have from release of the RFP until January 14th to request changes to the RFP requirements. Bidders will have from release of the RFP until February 4 to file an initial protest to the RFP requirements. If addenda is released at any time during the procurement process prior to submission of Final Proposals that changes the RFP requirements, then there will be 5 days from release of the respective addendum to request changes or protest the requirements that were changed via the respective addendum.

6. Business and Technical Requirements

- 6-1. Section 6.3.1 Backwards Compatibility. **a.** If the CPE equipment used in CALNET I does not work on a new network it should not be assumed that it is the new vendor's network that may have proprietary or non-compatible issues. **b.** If the existing CPE equipment does not meet the standards required in the RFP, will vendors be responsible for; 1) backward compatibility and 2) if so, at their own cost?

Answer: a. Yes. b. Yes. Functionality provided in the current environment must be provided in CALNET II.

- 6-2. Section 6.6.1, WAN Backbone Design. We request a complete list of all CPE equipment that we would be responsible for transitioning, maintaining, and monitoring.

Answer: References to "proprietary sets" and "existing telephone numbers" were removed from this section with Addendum #1. The existing CPE, including make and model information, is provided in Section 3, Exhibit P.

- 6-3. Section 6.6.1; **a.** Please clarify what is meant by "backbone", and "network", and when a service should be considered to be part of a backbone or network. For example, if all frame relay services in California are provided on common, interconnected equipment, under a single network management infrastructure, that clearly relates to the information requested in section 6.6.1. On the other hand, a digital private line in a single city may be provided on isolated equipment and not connected to any kind of backbone. **b.** Would the description and documentation requirements of Section 6.6.1 apply to that isolated private line? **c.** What would be the delineation of services provided as part of a "backbone", or not provided as part of a backbone? **d.** Is the state requesting that all services, no matter how isolated, be provided as part of a common backbone network?

Answer: a. The level of granularity is left to the discretion of the bidder as long as the information provides a clear understanding of the service delivery and addresses basic configuration and redundancy. Compliance with this requirement can be determined in the confidential discussions. b. Yes. c. & d. No, however the State seeks to understand all components that relate to service delivery. Isolated services should be indicated and represented as single line drawings and marked "typical" or "example" in the diagrams requested.

- 6-4. Section 6.6.2.1 specifies nationwide availability, but section 6.6.2.6 specifies inter-state connectivity. Should 6.6.2.1 specify statewide to be consistent with sections 6.6.2.2 through 6.6.2.4?

Answer: 6.6.2.1 should read as statewide. This shall be corrected in a future addendum.

- 6-5. Section 6.6.2.1 and 6.6.2.4 do not request inter-lata connectivity as do 6.6.2.3 and 6.6.2.3, is this correct?

Answer: All services shall be delivered statewide and therefore inter-LATA.

- 6-6. Section 6.6.7.2 requires that inter-lata PVC connections not incur any mileage-based charge. Section 6.6.7.1 is silent on this, does the same requirement apply to frame relay?

Answer: Yes, Frame Relay shall not incur any mileage charges. This will be corrected in a future addendum.

- 6-7. Section 6.6.7.2 requires that the local access loop not incur any mileage charge. Section 6.6.7.1 is silent on this, does the same requirement apply to frame relay?

Answer: See response to 6-6 above.

- 6-8. Please clarify whether or not frame relay and ATM are “port only”, or should local access be included?

Answer: Carrier transport (local loop) charges are listed in separate tables (6.6.2. Date Transmission Services) and should be priced separately. Any additional unidentified charges specific to frame relay and ATM should be included in the Frame relay/ ATM port charge.

- 6-9. Section 6.6.7.4 requests frame relay for inter-state service, but table 6.6.7.4a and the cost table lists only PVCs. Is the port and access for out of state locations to be included in the PVC price?

Answer: No, this pricing will be addressed in a future addendum.

- 6-10. 6.8 Alternate Technologies. How does a bidder propose new technologies, which may meet the functional requirements of the State, and have the new technologies evaluated fairly in the context of the existing RFP? Please provide guidance on this issue.

Answer: New technologies may be offered as unsolicited items in the desirable area of any RFP Section. If the bidder intends to offer an alternate technology that will meet a functional requirement of the RFP, the solution and pricing should be proposed in the tables already provided in the RFP.

- 6-11. During the DGS-2053 CALNET II December 2 Bidders Conference, it was said to Mr. Barry R. Hemphill, Deputy Director, Telecommunications, California Department of General Services, that vendor access to the State's Capitol Fiber Loop could save the State a significant amount of money. Mr. Hemphill answered that the failure by the State to allow use of the fiber was an oversight and would be corrected. However, on December 10, Answer Set # 6, Dated December 8, was released and states:

6-6 6.9.2: In the RFI, DGS/TD made the fiber distribution network in Sacramento available to the winning bidder. Why did DGS/TD remove the

availability of the fiber network in the RFP? Why did DGS/TD make the decision apparently to abandon its investment in this technology?

Answer: a. Please see "General Response" in Question and Answer Set #2 posted November 24, 2004. b. The State did not abandon its investment and the fiber is being utilized, just not for the purposes of this RFP.

Answer: Numerous conditions prevent use of the existing fiber including, but not limited to, current physical condition of the plant, substructure, components and termination environment. The current requirements are outlined in the RFP. Mr. Hemphill's response to the question at the Bidder's Conference was that the question should be submitted in writing and that response has not been contradicted.

- 6-12. Will the State allow the winning vendor to use even two singlemode fibers and two 50-micron multimode fibers out of the State's 72-fiber and 24-fiber cables? If the State's answer should be "no," then why has Mr. Hemphill's response been contradicted?

Answer: No. Please see response to 6-11 above.

- 6-13. 6.12.1.1 RFP bullet #4. Ability to charge for a previous month(s) service and provide the accurate dates of service. Is the requirement stating when there are multiple months charges on the invoice, each months charges will be clearly marked, for example 3 months service charge on the Nov 15, 2004 Invoice

9/16 - 10/15	1MB	Business Service	\$10.00
10/16 - 11/15	1MB	Business Service	\$10.00
11/16 - 12/15	1MB	Business Service	\$10.00

Answer: Yes

- 6-14. 6.12.1.1 RFP bullet #7. Automatic internal bill back. (Using an account code assigned to a customer, project, division, etc., the person dialing a long distance call must enter a code so the 'call accounting system' can calculate and report on the cost of that call at the end the month or designated time period). **a.** Is this existing function with the "account code" entered to complete a call appears on the usage section on the invoice? **b.** Clarify (1) automatic internal bill back and (2) "the 'call account system' can calculate and report .."

Answer: a. Yes. b. Automatic internal bill back is when a customer is making a long distance call, they will enter an assigned code by the vendor so the vendors 'call account system' can calculate and report the cost of the call by project at the end of the customers billing cycle. (i.e. if an agency is managing multiple projects, the invoices need to be broken out by each project rather than lumping all charges for all projects on one invoice.)

- 6-15. 6.12.1.3 RFP bullet #2. Itemized charges for a circuit provided in one section of the invoice. Clarify, example

Answer: All applicable charges for a circuit/line need to be identified in one section of an invoice at the circuit level. (ie. If a customer orders a Frame Relay circuit, the customer shouldn't have to go to the non-recurring section to pull the install charges, go to the recurring section to get the monthly charges, go to the miscellaneous section to retrieve any related charges and then go to the taxes and surcharges section to retrieve those charges.) When a customer validates an invoice they should be able to look in one area of an invoice with the circuit number being the identifier and see all charges that apply to that circuit. (ie. the install charge, monthly circuit charge (prorated or non-prorated), monthly port charge (prorated or non-prorated), PVC or DLCI charges (if applicable), miscellaneous charges (if applicable) and Taxes and Surcharges.)

- 6-16. 6.12.1 RFP Intro paragraph. "... cross reference data such as, port and circuit numbers, etc." Actual example of what DGS expects to see on the invoice would help clarify.

Answer: If for some reason a customer will receive two invoices for the same service but for different components, the two different invoices must have enough information to relate the two invoices/charges. (ie. If a customer receives a circuit bill from one vendor and a port bill from another vendor or the same vendor, the port bill must identify the associated circuit number and the circuit bill must identify the associated port number)

- 6-17. 6.12.1.3 RFP bullet #12. Provide cross-reference detail when applicable. Clarify: is this circuit specific?

Answer: Yes, this is circuit specific. See response to 6-15 and 6-16 above.

- 6-18. 6.12.1.4 RFP bullet #8. Contractor agrees that only Services offered under this contract will be included on the customer invoice. All charges billed on an account (BTN) appear on the invoice. Please confirm that ALL possible charges billed will be offered/covered under the contract.

Answer: The requirement to include only contracted services on the invoice will be rescinded in a future addendum. The State will request that non-contracted service be identified by corporate identifier or other agreed methodology.

- 6-19. 6.12.1.4 RFP bullet #9. Contractor agrees that Services/features offered under this Contract will include unique Corporate Identifiers. In instances where permanent Corporate Identifiers have not been assigned, the Contractor agrees to assign temporary Corporate Identifiers to facilitate identification of billed Services on customer invoices. Are they requesting the USOC appear with the charge on the invoice? In the case where a USOC is not assigned, temporary "corporate identifiers" are assigned to identify charges on the invoice?

Answer: Yes, the USOC is considered one form of a unique identifier. The Contractor's unique identifier should appear with the all charges on an invoice.

- 6-20. 12/8 Question & Answer Set #6, 6-10. A summary report provides the customers a list of all circuits/lines that are billing on a consolidated invoice. Is this a summary list of lines and circuits only, no charges or dollar amounts? Charge and/or dollar amounts are problematic because tax and surcharge detail is NOT available at the line or circuit level.

Answer: The summary is a list of lines/circuits with the cost excluding taxes and surcharges.

- 6-21. If there will no longer be the SIBS, will the monthly distribution of (SIBS/CALNET) bill data CD's be continued? These currently provide customers the information necessary to research and verify all charges. If not, will the contract provide for some equivalent mechanism with each monthly account statement? And if such a mechanism will be required, how will the content, data format, and dissemination means be specified?

Answer: CD's will be continued. Amendment 3 changed the verbiage in the RFP to read that the contractor must provide "paper, CD and web" rather than "paper, CD and/or web" as stated in the original version of the RFP.

- 6-22. Regarding the data format on the CDs. Will the existing FoxPro database format be continued, and will it be required that ALL charge data be included on the CD's? If there will be changes in the database format, will this be at the discretion of the vendor, or will the State have the opportunity for input and/or approval? Is this an item for post-contract negotiation?

Answer: The FoxPro will depend on the awarded vendor. It is expected that all billable data will be included in all billing media types (paper, CD, and web). Because we don't plan on using SIBS in CALNET II, we expect there will be changes in the database format. The State will have input on the format and it must be approved by the State. The billing system will be negotiated prior to the award of CALNET II. After the contract is awarded, DGS and the awarded vendor will continue to work together regarding the maintenance of the billing system to assure that customers receive invoices that are accurate and easy to be validated.

- 6-23. Section 6.12.1.3 Invoice Content Requirements. Please provide definition of debit and credit (bullet 8) and the difference between credits and adjustments?

Answer: The definition of credit is a deduction from an amount otherwise due. The definition of debit is the amount of which is owed for a particular item/service. "Credits and Adjustments" is a particular section of the State's current invoice that contains credits and debits.

7. Costs

- 7-1. Section 7 cost table 6.6.2.6 request only "mile/mo" pricing. Table 6.6.2.6a requests point-point private lines for inter-state connectivity. **a.** Is the "mile/mo" price element intended to include the local termination costs in other states? **b.** Is the "mile/mo" price element intended to include the local termination costs in other California?

Answer: a. No. This shall be corrected in a future addendum. b. Please clarify and re-submit question.

- 7-2. Exhibit 7 cost table 6.6.2.1 through 6.6.2.4 have a "fixed mileage" price element, but the quantities appear to reflect actual mileage. Also, tables in section 6.6.2.1 through 6.6.2.4 indicate that actual rather than fixed mileage is requested. Please clarify.

Answer: Price schedules will reflect a variable mileage charge in lieu of fixed mileage in a future addendum.

- 7-3. If the contractor would like to offer tiered pricing, as is done today with CIR and IVR, how will that be evaluated?

Answer: Additional tiered pricing can be offered as an unsolicited item in the "desirable" section of each cost table, but evaluations will only be done on the "mandatory-optional" items so that all vendors' pricing will be evaluated equally.

8. Proposal Format

- 8-1. Section 8 Proposal Format gives instructions on the format, number of copies and acceptable delivery methods for the proposals. How should the Pre-Qualifying Documentation indicated in Section 8.3.1 be packaged and delivered? If hardcopy is required, how many copies?

Answer: Please see response to 8-2 below.

- 8-2. Section 8 of the CALNET II gives excellent detail about the proposal format for each of the "submission" items for the CALNET II response. We assume that the level of detail required for the official submissions (9 hardcopies, Master copy, 3 electronic copies, cover letter, etc.) is not required for the following:

1. December 16th - Deadline for request to change the RFP requirements
2. January 5th - Last day to protest the RFP requirements
3. January 18th - Last day to submit letter of Intent to Bid

Can you confirm for each of these action dates what is the proposal format required? Is an e-mail submission acceptable? If not, what is required in terms of cover letter, number of copies, response structure, etc.?

Answer: Your assumption is correct. Regarding the Final Date to Submit Requests to Change the RFP Requirements and the Last Day to Protest the RFP Requirements, an e-mail is acceptable. With regard to the Letter of Intent to Bid, we should receive one hard-copy along with your signed Confidentiality and Non-Disclosure Agreement, Financial

Responsibility Information, and your Evidence of CPUC Certification. A Cover Letter is not required for the Prequalification submittal.